

AGRICULTURE

EXECUTIVE BUDGET BILL

A bill to make appropriations for the department of agriculture for the fiscal year ending September 30, 2004; to provide for the expenditure of the appropriations; to create funds; to provide for the imposition of fees; to require reports, audits, and plans; to authorize certain transfers by certain state agencies; and to provide for the disposition of fees and other income received by certain state agencies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

PART 1

LINE-ITEM APPROPRIATIONS

Sec. 101. Subject to the conditions set forth in this bill, the amounts listed in this part are appropriated for the department of agriculture for the fiscal year ending September 30, 2004, from the funds indicated in this part. The following is a summary of the appropriations in this part:

DEPARTMENT OF AGRICULTURE

APPROPRIATIONS SUMMARY:

Full-time equated unclassified positions	6.0	
Full-time equated classified positions	563.0	
GROSS APPROPRIATION	\$	89,244,000
Interdepartmental grant revenues:		
Total interdepartmental grants and intradepartmental		
transfers		10,857,400
ADJUSTED GROSS APPROPRIATION	\$	78,386,600

Total federal revenues	6,801,700
Total local revenues	0
Total private revenues	1,127,600
Total other state restricted revenues.....	39,053,300
State general fund/general purpose	\$ 31,404,000

Sec. 102. EXECUTIVE

Full-time equated unclassified positions.....	6.0
Full-time equated classified positions.....	52.0
Commission and boards	\$ 63,300
Unclassified positions--6.0 FTE positions.....	428,500
Executive direction--4.0 FTE positions.....	752,000
Management services--44.0 FTE positions.....	2,833,100
Statistical reporting service--4.0 FTE positions	<u>326,500</u>
GROSS APPROPRIATION	\$ 4,403,400

Appropriated from:

Interdepartmental grant revenues:

IDG from MDCIS (LCC), nonretail liquor license fees	8,800
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Special revenue funds:

Gasoline inspection and testing fund.....	47,800
Licensing and inspection fees	10,000
Michigan state fair revenue	80,500
State services fee fund	160,500
Upper Peninsula state fair revenue.....	9,000
Agriculture equine industry development fund.....	325,000
State general fund/general purpose	\$ 3,761,800

Sec. 103. DEPARTMENTWIDE

Rent and building occupancy charges	\$	<u>1,700,700</u>
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GROSS APPROPRIATION	\$	1,700,700
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Appropriated from:

Interdepartmental grant revenues:

IDG from MDCIS (LCC) nonretail liquor license fees	6,600
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Federal revenues:

DAG, multiple grants	115,000
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EPA, multiple grants	70,000
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HHS, FDA	15,000
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Special revenue funds:

Agriculture presevation fund	27,300
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Groundwater and freshwater protection fund.....	10,900
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Licensing and inspection fees	55,200
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State services fee fund	304,600
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State general fund/general purpose	\$	1,096,100
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Sec. 104. FOOD AND DAIRY

Full-time equated classified positions 108.0

Food safety and quality assurance--108.0 FTE positions .	\$	9,815,700
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Local public health operations	<u>8,977,500</u>
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GROSS APPROPRIATION	\$	18,793,200
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Appropriated from:

Interdepartmental grant revenues:

IDG from MDCH, local public health operations	8,977,500
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Federal revenues:

HHS-FDA	186,700
DAG-AMS cooperative agreement	22,700

Special revenue funds:

Civil penalties	40,300
Licensing and inspection fees	2,740,200
State general fund/general purpose	\$ 6,825,800

Sec. 105. ANIMAL INDUSTRY

Full-time equated classified positions	50.0
Animal health and welfare--23.5 FTE positions.....	\$ 2,041,800
Bovine tuberculosis program--26.5 FTE positions	<u>3,419,200</u>
GROSS APPROPRIATION	\$ 5,461,000

Appropriated from:

Federal revenues:

HHS-FDA	9,000
DAG-multiple grants	150,000

Special revenue funds:

Agriculture equine industry development fund.....	550,000
Licensing and inspection fees	215,900
Pseudorabies and swine brucellosis fund.....	20,000
State general fund/general purpose	\$ 4,516,100

Sec. 106. PESTICIDE AND PLANT PEST MANAGEMENT

Full-time equated classified positions	119.8
Pesticide and plant pest management--119.8 FTE	
positions	\$ 12,037,800
Michigan State University	<u>210,000</u>

GROSS APPROPRIATION	\$	12,247,800
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Appropriated from:

Federal revenues:

DAG, multiple grants	2,014,400
EPA, multiple grants	1,510,000
HHS-FDA	60,000

Special revenue funds:

Private - slow-the-spread foundation	130,000
Commodity inspection fees	991,500
Licensing and inspection fees	2,779,800
Agriculture industry development fund	250,000
State general fund/general purpose	\$ 4,512,100

Sec. 107. ENVIRONMENTAL STEWARDSHIP

Full-time equated classified positions 47.0

Environmental stewardship--32.7 FTE positions	\$	2,640,200
Groundwater and freshwater protection program--8.3 FTE positions		4,924,000
Farmland and open space preservation--6.0 FTE positions		699,800
Agriculture pollution prevention program		100
Cooperative resources management initiative program ...		1,000,000
Energy conservation program		138,000
Local conservation districts		1,661,200
Migrant labor housing		255,000
GROSS APPROPRIATION	\$	11,318,300

Appropriated from:

Interdepartmental grant revenues:

IDG from MDEQ, biosolids	80,000
IDG from MDEQ, type II well survey	15,000
IDG from MDNR, district forestry and wildlife program .	1,000,000
IDG from MDEQ, right to farm	105,000

Federal revenues:

EPA, multiple grants	400,000
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Special revenue funds:

Private - oil company overcharge settlement.....	193,900
Agricultural preservation fund	699,800
Agriculture pollution prevention fund.....	100
Groundwater and freshwater protection fund.....	4,745,500
Licensing and inspection fees	25,000
State general fund/general purpose	\$ 4,054,000

Sec. 108. LABORATORY PROGRAM

Full-time equated classified positions	117.0
Laboratory analysis program--63.5 FTE positions	\$ 5,012,100
USDA monitoring--18.0 FTE positions	1,828,500
Consumer protection program--35.5 FTE positions	<u>3,046,500</u>
GROSS APPROPRIATION	\$ 9,887,100

Appropriated from:

Interdepartmental grant revenues:

IDG from MDCIS (LCC), liquor quality testing fees	161,500
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Federal revenues:

EPA, multiple grants	300,000
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DAG, multiple grants	1,848,900
Special revenue funds:	
Private - oil company overcharge settlement.....	803,700
Agriculture equine industry development fund.....	943,900
Gasoline inspection and testing fund.....	1,491,800
Testing fees	357,500
Weights and measures regulation fees	518,400
State general fund/general purpose.....	\$ 3,461,400

Sec. 109. MARKET DEVELOPMENT

Full-time equated classified positions	16.5
Marketing and emergency management--11.5 FTE positions .	\$ 1,816,800
Agriculture development--5.0 FTE positions.....	724,900
Export market development program.....	100,000
Food bank	630,500
Future farmers of America	<u>60,000</u>
GROSS APPROPRIATION	\$ 3,332,200

Appropriated from:

Interdepartmental grant revenues:

IDG from MDCIS (LCC), nonretail liquor license fees	500,000
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Federal revenues:

DAG, multiple grants	100,000
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Special revenue funds:

Licensing and inspection fees	62,100
Industry support funds	260,000
Agriculture industry development fund.....	450,000

State general fund/general purpose	\$	1,960,100
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Sec. 110. FAIRS AND EXPOSITIONS

Full-time equated classified positions 21.0

Michigan state fair operations--9.0 FTE positions	\$	5,110,200
Upper Peninsula state fair--7.0 FTE positions.....		1,214,400
Fairs and racing--5.0 FTE positions		612,500
Building and track improvement - county and state fairs		963,200
Premiums - county and state fairs		1,614,000
Purses and supplements-fairs/licensed tracks.....		2,284,600
Standardbred Fedele Fauri futurity		75,700
Standardbred Michigan futurity		75,700
Quarterhorse programs		37,100
Licensed tracks-light horse racing		71,900
Standardbred breeders' awards		1,156,600
Standardbred purses and supplements-licensed tracks		259,100
Standard sire stakes program		969,100
Standardbred training and stabling		40,900
Thoroughbred program		1,695,900
Thoroughbred sire stakes		969,100
Thoroughbred owners' awards		<u>145,900</u>
GROSS APPROPRIATION	\$	17,295,900

Appropriated from:

Special revenue funds:

Agriculture equine industry development fund.....	7,781,600
Michigan state fair revenue	5,203,100

State services fee fund	3,096,800
Upper Peninsula state fair revenue	1,214,400
State general fund/general purpose	\$ 0

Sec. 111. OFFICE OF RACING COMMISSIONER

Full-time equated classified positions	31.7
Office of racing commissioner	\$ <u>3,342,500</u>
GROSS APPROPRIATION	\$ 3,342,500

Appropriated from:

Special revenue funds:

Agriculture equine industry development fund.....	2,042,500
State services fee fund	1,300,000
State general fund/general purpose	\$ 0

Sec. 112. INFORMATION AND TECHNOLOGY

Information technology services and projects.....	\$ <u>1,461,900</u>
GROSS APPROPRIATION	\$ 1,461,900

Appropriated from:

Interdepartmental grant revenues:

IDG from MDCIS (LCC), nonretail liquor license fees	500
IDG from MDCIS (LCC), liquor quality testing fees	2,500

Special revenue funds:

Groundwater and freshwater protection fund.....	100
Agriculture equine industry development fund.....	124,000
Agricultural preservation fund	200
State services fee fund	2,100
Upper Peninsula state fair revenue	900

Michigan state fair revenue	88,800
Gasoline inspection and testing fund	26,200
State general fund/general purpose	\$ 1,216,600

PART 2

PROVISIONS CONCERNING APPROPRIATIONS

GENERAL SECTIONS

Sec. 201. Pursuant to section 30 of article IX of the state constitution of 1963, total state spending from state resources under part 1 for fiscal year 2003-2004 is \$70,457,300.00 and state spending from state resources to be paid to units of local government for fiscal year 2003-2004 is \$3,461,200.00. The itemized statement below identifies appropriations from which spending to units of local government will occur:

DEPARTMENT OF AGRICULTURE

Groundwater and freshwater protection program	\$ 1,800,000
Local conservation districts	<u>1,661,200</u>
TOTAL	\$ 3,461,200

Sec. 202. The appropriations authorized under this bill are subject to the management and budget act, 1984 PA 431, MCL 18.1101 to 18.1594.

Sec. 203. As used in this bill:

- (a) "DAG" means the United States department of agriculture.
- (b) "DAG-AMS" means the United States department of agriculture - agriculture marketing service.
- (c) "Department" means the department of agriculture.
- (d) "Director" means the director of the department.
- (e) "EPA" means the United States environmental protection agency.

(f) "FTE" means full-time equated.

(g) "HHS-FDA" means the United States department of health and human services - food and drug administration.

(h) "IDG" means interdepartmental grant.

(i) "MDCH" means the Michigan department of community health.

(j) "MDCIS (LCC)" means the Michigan department of consumer and industry services - liquor control commission.

(k) "MDEQ" means the Michigan department of environmental quality.

(l) "MDNR" means the Michigan department of natural resources.

(m) "USDA" means United States department of agriculture.

Sec. 204. The department of civil service shall bill departments and agencies at the end of the first fiscal quarter for the 1% charge authorized by section 5 of article XI of the state constitution of 1963. Payments shall be made for the total amount of the billing by the end of the second fiscal quarter.

Sec. 205. (1) A hiring freeze is imposed on the state classified civil service. State departments and agencies are prohibited from hiring any new state classified civil service employees and prohibited from filling any vacant state classified civil service positions. This hiring freeze does not apply to internal transfers of classified employees from 1 position to another within a department.

(2) The state budget director shall grant exceptions to this hiring freeze when the state budget director believes that the hiring freeze will result in rendering a state department or agency unable to deliver basic services, cause a loss of revenue to the state, result in the inability of the

state to receive federal funds, or necessitate additional expenditures that exceed any savings from maintaining a vacancy. The state budget director shall report quarterly to the chairpersons of the senate and house of representatives standing committees on appropriations the number of exceptions to the hiring freeze approved during the previous quarter and the reasons to justify the exception.

Sec. 206. Unless otherwise specified, the department shall use the Internet to fulfill the reporting requirements of this bill. This requirement may include transmission of reports via electronic mail to the recipients identified for each reporting requirement, or it may include placement of reports on an Internet or Intranet site.

Sec. 207. From the funds appropriated in part 1 for information technology, the department shall pay user fees to the department of information technology for technology-related services and projects. Such user fees shall be subject to provisions of an interagency agreement between the department and the department of information technology.

Sec. 208. Amounts appropriated in part 1 for information technology may be designated as work projects and carried forward to support department of agriculture projects under the direction of the department of information technology. Funds designated in this manner are not available for expenditure until approved as work projects under section 451a of the management and budget act, 1984 431, MCL 18.1451a.

Sec. 209. (1) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$5,000,000.00 for federal contingency funds. These funds are not available for expenditure until they have been

transferred to another line item in this bill under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(2) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$6,000,000.00 for state restricted contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this bill under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(3) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$100,000.00 for local contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this bill under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

(4) In addition to the funds appropriated in part 1, there is appropriated an amount not to exceed \$100,000.00 for private contingency funds. These funds are not available for expenditure until they have been transferred to another line item in this bill under section 393(2) of the management and budget act, 1984 PA 431, MCL 18.1393.

Sec. 210. (1) Of the funds appropriated in part 1, the department may provide for indemnity as provided for pursuant to the animal industry act of 1987, 1988 PA 466, MCL 287.701 to 287.747, not to exceed \$100,000.00 per order from any line item for the fiscal year ending September 30, 2004. Before the department provides for an indemnification under this section, the department shall report the reason for the indemnification, the amount of the indemnification, and to whom the indemnification is to be paid. The report shall be given to each member of the house and senate appropriations

subcommittees on agriculture and to the senate and house fiscal agencies and the state budget director.

Sec. 211. (1) In addition to the amounts appropriated in part 1, in order to encourage administrative efficiencies, there is appropriated to the department of agriculture, an amount not to exceed one-half of the unexpended, unreserved general fund portions of fiscal year 2002-2003 appropriations made to the department for salaries and wages expenses, contractual services, supplies and materials expenses, information technology expenses and program operations costs.

(2) The appropriations contained in subsection 1 are subject to the approval of the state budget director and shall be spent for the same purposes for which the original appropriation was made in fiscal year 2002-2003.

EXECUTIVE

Sec. 301. The department may receive and expend revenue and use that revenue to cover necessary expenses related to publications, audit and licensing functions, livestock sales, certification of nursery stock, bean inspection services, and laboratory analyses as specified in the following:

(a) Management services publications.

(b) Management services audit and licensing functions.

(c) Upper Peninsula state fair livestock sales.

(d) Pesticide and plant pest management propagation and certification of virus free foundation stock.

(e) Pesticide and plant pest management bean inspection and grading services.

(f) Laboratory support testing for testing horses in draft horse

pulling contests at county fairs when local jurisdictions request state assistance.

(g) Laboratory support analyses to determine foreign substances in horses engaged in racing or pulling contests at tracks.

(h) Laboratory support analysis of food, livestock, and agricultural products for disease, foreign products for disease, toxic materials, foreign substances, and quality standards.

(i) Laboratory support test samples for other agencies and organizations.

(j) Fruit and vegetable inspection at shipping and termination points and processing plants.

FOOD AND DAIRY

Sec. 401. (1) The department shall monitor restaurant inspection and licensing functions carried out by local health departments to ensure uniform application and enforcement of minimum program requirements. On or before April 1, 2004, the department shall report to the senate and house appropriations subcommittees on agriculture, the senate and house fiscal agencies, and the state budget director on local health department conformance with minimum program requirements.

ANIMAL INDUSTRY

Sec. 501. From the funds appropriated in section 105 for the bovine tuberculosis program, the department of agriculture shall reimburse the department of natural resources for those costs associated with monitoring and testing wildlife for bovine tuberculosis that are necessary to support the department of agriculture goals and are jointly agreed to by the department of

agriculture and the department of natural resources to be in excess of efforts necessary to effectively plan and execute the eradication of bovine tuberculosis from Michigan's wild free-ranging deer herd.

ENVIRONMENTAL STEWARDSHIP

Sec. 601. The funds appropriated in section 107 for the energy conservation program shall be distributed on a competitive basis that will be based on statewide energy conservation criteria.

Sec. 602. The department may expend the amount appropriated in section 107 for migrant labor housing grants for construction of new migrant labor housing. Project grants shall not exceed \$5,000.00 per unit. An applicant is not eligible for more than a \$20,000.00 grant in any fiscal year. Units shall be equivalent in construction to units approved by the DAG-rural development agency for low interest construction loans and shall be not less than 484 square feet in size and be self-contained with a minimum of 1 bedroom, a kitchen, a flush toilet, a lavatory, and bathing facilities.

Sec. 603. The appropriation in section 107 for local conservation districts shall be allocated in the following manner:

(a) Of the total appropriation, \$130,000.00 shall be allocated for local conservation district training.

(b) Of the total appropriation, each local conservation district meeting the minimum grant requirements shall receive a grant of \$20,000.00 to support basic operations, unless the district resides in a county consisting of multiple districts, in which case a \$18,000.00 grant shall be divided equally among the districts in that county. The amount of money allocated under this subdivision shall not be used by local conservation

districts to replace any money received from local sources.

(c) Of the remaining appropriation after distributions under subdivisions (a) and (b), additional grants, not to exceed \$20,000.00 per local conservation district, may be provided based on a formula approved by the commission of agriculture. Grants under this subdivision shall require at least a 100% cash or in-kind local match.

MARKET DEVELOPMENT

Sec. 701. Within the appropriations in part 1 for market development, \$500,000.00 is for the grape and wine industry council, from which the department may provide grants for the purposes as described in section 303 of the Michigan liquor control code of 1998, 1998 PA 58, MCL 436.1303.

Sec. 702. In any given year when insufficient amounts of Michigan surplus products are offered to the food bank council and accepted for distribution, unused funds may be applied by the food bank council for the direct purchase of foods from Michigan growers, manufacturers, or wholesalers.

Sec. 703. Indirect costs may not be charged against the future farmers of America grant in section 109 by any administering agency.

Sec. 704. The department is authorized to receive and expend up to \$5,000,000.00 of utility company uncollectible allowance recovery fund resources which may be deposited into the agricultural development fund for the support of grants for value-added agricultural processing and agricultural production ventures in accordance with the Julian-Stille value-added act, 2000 PA 322, MCL 285.301 to 285.304. The agriculture development fund resources when certified as available by the department of treasury shall remain unallotted until such time as the state budget director has reviewed and

approved a department submitted allotment schedule. Expenditures for support of agricultural processing and production ventures shall not exceed revenues received. Unexpended resources remaining in the fund at the end of the fiscal year shall remain in the fund and not lapse to the general fund.

FAIRS AND EXPOSITIONS

Sec. 801. (1) The appropriation of \$259,100.00 in part 1 for standardbred purses and supplements - licensed tracks is intended to provide state purse supplements for 4 races at state licensed pari-mutuel horse racing tracks. The purse supplements are to be used for races comprised only of Michigan-bred horses segregated into a 4-year-old colt trot division, a 4-year-old filly trot division, a 4-year-old colt pace division, and a 4-year-old filly pace division.

Sec. 802. Included in the appropriation made in part 1 for the thoroughbred program is \$30,500.00 for the Michigan united thoroughbred breeders and owners association to conduct a thoroughbred yearling show. The Michigan united thoroughbred breeders and owners association shall submit to the department an itemized list of expenses showing that the expenses of the yearling show were paid.

Sec. 803. From the funds appropriated in section 110 for thoroughbred owners' awards, awards shall be distributed in compliance with MCL 431.320.

Sec. 804. A county fair, district fair, 4-H fair, or state fair receiving funds in section 110 to be used for prizes or awards, in whole or in part, as a condition precedent to the receiving of the funds for those purposes, shall publish the rules relative to the prizes, awards, and deadlines for entries eligible for the funds in their official premium books or lists relative to

the prizes or awards. An aggrieved exhibitor may make a written complaint to the fair within 10 days after the fair ends. If the fair has not satisfactorily settled the grievance within 45 days after it is submitted to the fair, the aggrieved person may file the complaint with the department and the department shall investigate the complaint and make a finding of fact regarding the complaint and take appropriate action regarding the complaint.

Sec. 805. Of the amount appropriated in section 110 for purses and supplements - fairs/licensed tracks, a sufficient amount is appropriated to provide for overnight purse supplements pursuant to the horse racing law of 1995, 1995 PA 279, MCL 431.301 to 431.336.

Sec. 806. From the appropriations for premiums - county and state fairs in section 110, \$120,000.00 shall be awarded through a competitive grant program to local, regional, or state fairs or expositions to promote youth involvement and adult exhibitions in the animal agriculture industry. Appropriate exhibition classes for youth shall be developed that encourage a production exhibit for which premium awards may be paid. The age for youth exhibitors shall be determined by the standards of the association requesting the grant or, if standards do not exist, the age for youth exhibitors shall be ages 9 through 21. Implementation of the latest technologies into the evaluation of the animals shall be encouraged in the production exhibit. Adult exhibitions should focus on the performance or end product, or both, with the appropriate technologies used to enhance placings and the awarding of premiums.

Sec. 807. An individual or other entity that leases land, a building, or other property under the Michigan exposition and fairgrounds act, 1978 PA 361, MCL 285.161 to 285.176, is not eligible for a state grant, loan,

appropriation, or other state subsidy related to the leased land, building, or other property.

OFFICE OF RACING COMMISSIONER

Sec. 901. The racing commissioner may pay rewards of not more than \$5,800.00 to a person who provides information that results in the arrest and conviction on a felony or misdemeanor charge for a crime that involves the horse racing industry. A reward paid pursuant to this section shall be paid out of the office of racing commissioner line item.